Key Activities & Highlights 27 April 2022

Australis Oil & Gas Limited
ABN: 34 609 262 937

ASX: ATS

Australis is an upstream oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America.

The Company's acreage within the core of the oil producing TMS provides significant upside potential for ATS with 153 million bbls of 2P+2C net reserves and resources including 3.0 million bbls producing reserves providing free cash flow.

The Company was formed by the founders and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

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Australis maintains a controlling interest within one of the last appraised but undeveloped quality unconventional oil plays onshore the USA.

An increase in activity by third parties within the TMS is a clear indication of rising levels of interest.

Overview

- Australis' TMS asset has an independent recoverable oil estimate of 153 million bbls[1] (net).
- Excellent fiscal results for the March quarter with earnings exceeding G&A expense, interest costs and debt amortisation payments for the period.
- TMS development activity by Juniper Capital – Reese 11H #1 has been successfully drilled and completed with a modern fracture stimulation design. Flowback is underway.
- Paloma Resources intends to complete two TMS drilled but uncompleted (DUC) wells starting in Q2 2022, Australis to participate with a 10% WI.
- US unconventional market buoyed by confidence in long term oil price, strong balance sheets and improved domestic investor sentiment.
- Australis will continue to be patient in its search for the right partner for further field development activities in this improving business environment.

Operations Summary – 1st quarter 2022

- During the quarter Australis generated:
  - Sales volume of 91,600 barrels (WI) (-5% on Q4/2021)
  - Revenue of US$7 million (+19% on Q4/2021) including hedge losses on Credit Facility required oil price hedges of US$1.8 million (Q4/2021: loss US$1.6 million)
  - Field Netback of US$3.0 million (+30% on Q4/2021)
  - EBITDA of US$2.2 million (+340% on Q4/2021)

Financial and Corporate

- Cash balance at quarter end of US$8.8 million and net debt of US$6.2 million, following a further principal credit facility repayment of US$1 million in the quarter.
- Oil price hedge book weighting continues to transition from swaps to cap and collar contracts, increasing Australis' exposure to higher oil prices.

KEY FINANCIAL INFORMATION

The following table summarises key financial metrics for Q1 2022.

Key Metrics	Unit	Q1 2022	Q4 2021	Qtr on Qtr Change
Core Land Position (Net)	acres	94,300	98,000	(4)%
Net Oil resource (2P + 2C)[1]	MMbbls	153	170	(10)%
Sales Volumes (WI)	bbls	91,600	96,200	(5)%
Average Realised Price[A]	US$/bbl	$96	$77	25%
Average Achieved Price[B]	US$/bbl	$77	$61	26%
Sales Revenue (WI)[B]	US$MM	$7.0	$5.9	19%
Sales Revenue (Net)[B]	US$MM	$5.3	$4.5	18%
Field Netback	US$MM	$3.0	$2.3	30%
Field Netback / bbl (WI)[B]	US$/bbl	$32	$24	33%
Field Netback / bbl (Net)[B]	US$/bbl	$40	$30	33%
EBITDA	US$MM	$2.2	$0.5	340%
Cash Balance (Qtr end)	US$MM	$8.8	$9.3	(5)%
Total Debt (Qtr end)[C]	US$MM	$15.0	$16.0	(6)%

[A] excludes effect of hedge contracts settled
[B] includes the loss from the settlement of hedge contracts of US$1.78 million (Q4 2021: loss of US$1.56 million)
[C] Macquarie Facility debt

TMS PRODUCTION AND OPERATING PERFORMANCE

Production operations during the quarter were largely routine with no material weather or power loss events.

Due to the fracture stimulation of the Juniper Capital Reese 11H No. 1 well, three adjacent Australis operated wells were shut in as a precaution against damage due to pressure communication and to allow monitoring. There were no indications of communication and they were brought back online once the stimulation operations were concluded. Approximately 2,000 bbls of production were deferred during this period from the shut-in wells.

Sales volumes were down 5% compared to Q4 2021 at 91,600 bbls, of which just under half was due to the Reese 11H No. 1 precautionary shut ins.

The three workovers noted at the end of Q4 2021 were completed in this quarter. There were no well failures or additional workovers during the reporting period. Overall workover frequency for the quarter was less than the Company had projected for planning purposes, further testimony to extended well run life between interventions, a key driver in improved operating costs. Workover costs reduced to US$2.83/bbl for the quarter (from US$2.91/bbl in Q4 2021 and US$4.48/bbl in CY 2021).

We have seen some cost price pressure this quarter, which was anticipated and has been widely reported in the industry. Some equipment and service costs are linked to oil price increases and associated demand, others are more specifically linked to supply chain issues associated with events in Ukraine. As a consequence, production costs in Q1 2022 were 9% higher than the corresponding quarter last year, but this was offset somewhat by the lower workover activity levels. We do expect further modest cost pressure, particularly related to production service and equipment costs over the coming quarters if oil prices remain high. Where possible inventory of materials such as tubing have been increased to provide some contingency from supply delays.

Realised and achieved oil pricing both improved by 25% and 26% respectively and whilst hedging losses of US$1.78 million were higher than the preceding quarter (US$1.56 million) this reflects the high prevailing oil price. The majority of the hedged volume for the remainder of 2022 is on a zero cost collar basis, and consequently going forward Australis expects to continue to increase its exposure to higher oil prices.

FINANCE AND CORPORATE

Cash and Capital

Australis generated cash earnings in the quarter of US$1.9 million (net of all operating, hedge, G&A and interest costs).

Results for the quarter include:

- EBITDA of US$2.2 million
- Interest expense of US$0.25 million
- Total debt under our Macquarie Facility reduced by US$1 million to US$15 million
- Cash of US$8.8 million at 31 March 2022
- Net debt of US$6.2 million at 31 March 2022
- Sales Revenue (after the impact of hedges) was US$7.0million, 19% higher than Q4/2021 despite reduced sales volume from Q4/2021 (5%) due to higher achieved oil price of US$77/bbl compared to US$61/bbl for Q4/2021

Credit Facility

The outstanding debt under our Macquarie Credit Facility was reduced by US$1 million in the quarter, resulting in a balance at 31 March 2022 of US$15 million. Australis continued to meet all covenant requirements and serviced interest, other facility costs and the scheduled amortization payment out of operating cash flow during the reporting period. The credit facility maturity remains November 2023, with minimum quarterly principal repayments of US$1 million.

Oil Price Hedging

During the reporting quarter Australis:

- incurred a hedge loss of US$1.78 million, as the average WTI oil price in each of the months in the quarter, ranging between US$83/bbl and US$108/bbl, exceeded the average monthly maximum hedged WTI price of approx. US$58/bbl. Just over half (53%) of the quarter's sales volume (WI) was hedged with the majority being swap contracts executed at various times from Q3 2019 to Q3 2021;
- continued to realise oil price hedging losses as a result of hedges required to be executed during the low oil price environment in 2020 to maintain minimum volumes under the terms of the Macquarie Credit Facility; and
- took advantage of the continuing higher oil futures pricing and executed oil price hedges for
    - 10,500 bbls for the 2 H 2022 using no-cost collar contracts protecting a WTI floor price of

US$75/bbl but retaining the benefit of the actual WTI price over the floor (protected) price, up to US$86/bbl for Q3 2022 and US$81/bbl for Q4 2022.

- 21,500 bbls throughout 2023 using swap contracts protecting a WTI price of between US$76/bbl reducing to US$72/bbl by December 2023.

The table below summarises the protected WTI floor prices and the ceiling prices for all hedged volumes through to September 2024.

Australis' current WTI oil price hedge position					
	WTI Swaps		WTI Collars		
Qtr/Year	Volume	Protected Price$^{(A)}$	Volume	Protected Price $^{(A)}$	Ceiling Price $^{(A)}$
	000bbls	US$/bbl	000bbls	US$/bbl	US$/bbl
Q2/2022	13	$55	30	$44	$71
Q3/2022	19	$56	24	$48	$75
Q4/2022	9	$53	26	$52	$76
Q1 - Q4/2023	43	$66	50	$43	$68
Q1 - Q4/2024	14	$53	0	-	-

A. Based on weighted average monthly price

TMS LEASE POSITION

Australis continued its capital disciplined but modest strategic leasing and permitting program in Q1, seeking to protect identified acreage to maintain the Company's control and exposure to the TMS Core area.

Australis permitted two units in Mississippi during the quarter as part of the preliminary planning for drill readiness. By the end of the quarter, Australis has four units permitted and will continue a modest leasing and permitting program through the remainder of 2022. Approximately 480 net acres were leased during the quarter.

As at 31 March 2022 Australis holds ~94,300 net acres in the TMS Core, of which 38,100 net acres (40%) are HBP.

Figure 1 below provides more detail on the expiry profile of the Core acreage position as at 31 March 2022. Figure 2 below provides a map of the Australis acreage position.

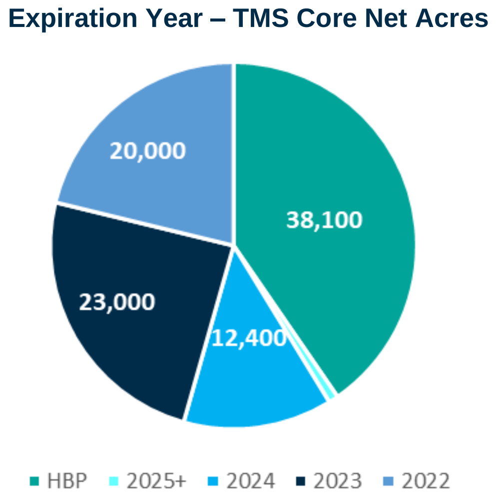

Figure 1: Expiration Year - undeveloped net acres

THIRD PARTY TMS FIELD ACTIVITY

As previously reported in Q4 2021, State Line Exploration LLC (State Line), a portfolio private operating company for Juniper Capital Advisors (Juniper), successfully drilled and cased the Reese 11H No. 1 TMS well in Amite County, Mississippi slightly exceeding its planned lateral length of ~6,000ft. Juniper is a US based energy investment firm with over US$1.2 billion in assets under management and its investments include a controlling stake in Ranger Oil Corporation (NYSE: ROCC, formerly Penn Virginia Corporation).

During Q1 2022 State Line successfully fracced the Reese 11H No. 1 well using a modern slickwater stimulation design. This is the first time that this type of 'modern' frac has been deployed in the TMS and the successful execution represents another milestone. The pressure created by the frac within the Reese 11H No 1 well was quickly bled down, yielding some high initial flow rates and then State Line installed an Electrical Submersible Pump (ESP), a form of artificial lift which has not been used on a TMS well to date. We await confirmation of longer-term well production performance using this system. The Reese 11H No. 1 well location is shown in the green production unit on the map below in Figure 2, it is in the SW of the TMS Core.

As previously noted, in December 2021 Paloma Partners VI Holdings, LLC, an affiliate of Paloma Resources ("Paloma") a portfolio company of EnCap Energy Capital Fund XI L.P. ("EnCap") completed its acquisition of Goodrich Petroleum Corporation ("Goodrich"). Goodrich was an active participant in the TMS prior to 2014 and, following a debt restructuring, the company focused their activities elsewhere within their portfolio. However, Goodrich maintained a material HBP position within the TMS of ~34,000 net acres and 28 operated wells, although some of these interests are outside the Australis designated TMS Core area. Paloma were Australis' original partners in the TMS in 2016/2017 and the Company welcomes them back as another new operator in the TMS.

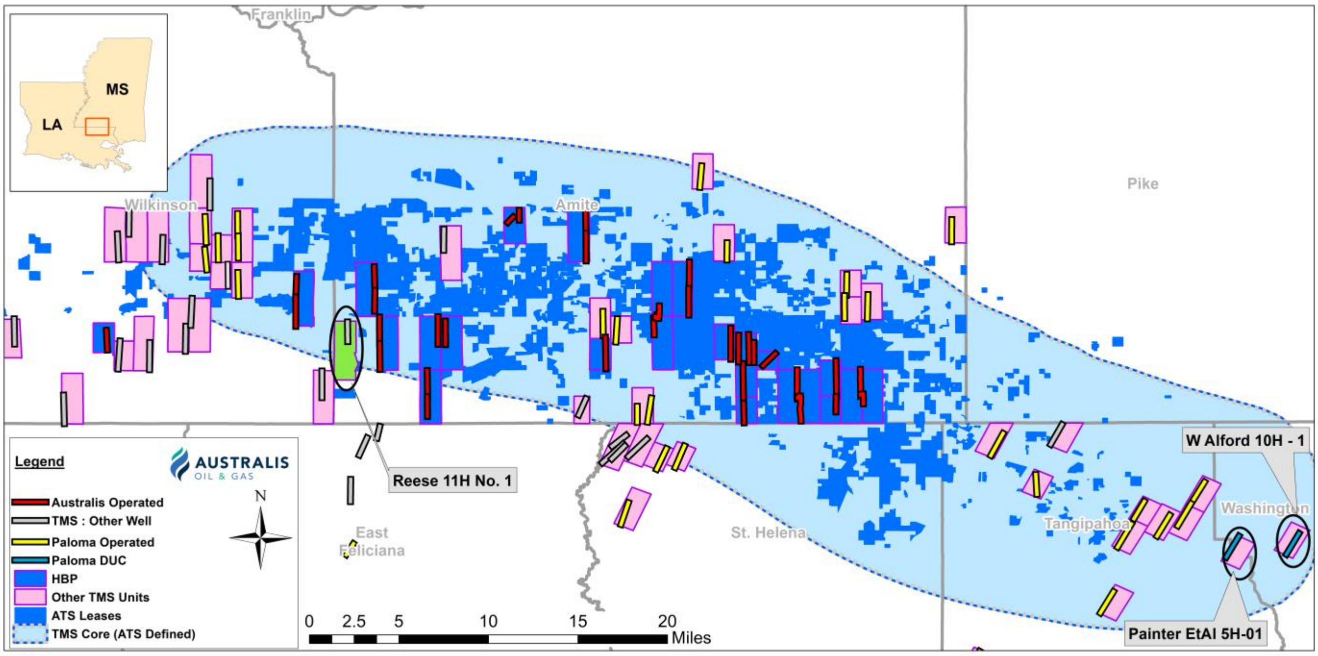

Figure 2: Location of Australis Acreage and Well Locations including the State Line Exploration well (Reese) and the Paloma DUC's (W Alford & Painter)

Paloma are planning to fracture stimulate, starting in early May, the two TMS drilled but uncompleted (DUC) wells that were part of the Goodrich portfolio. The two wells are in two separate units at the eastern end of the TMS Core area in Louisiana and are shown in blue on Figure 2 above. Australis has worked closely with the Paloma team during the latter part of Q1 and has agreed to participate in these two DUC stimulations with a minority 10% working interest in each well. Australis will make a partial contribution towards sunk drilling costs and will be responsible for 10% of the ongoing costs of leasing and stimulation operations in the two units. In addition to its share in the future production from these DUC wells, Australis will gain approximately 200 net HBP acres and sees this as the first phase of a mutually beneficial relationship with Paloma. Australis will fund its share of the costs associated with these operations from available capital.

Having two successful private equity backed operators now active in the play raises the profile of, and interest levels, in the TMS which is a significant positive for our corporate strategy.

BUSINESS DEVELOPMENT AND CORPORATE STRATEGY

Australis has remained steadfast in our belief in the quality of the asset and that market conditions will become increasingly conducive to securing a partner for ongoing activity in the play. While there remains some caution amongst public companies about entering new basins and undertaking corporate M&A deals at elevated valuations, the strong oil price and futures strip, improving balance sheets and significant free cash flow being generated are providing the backdrop that will facilitate increased industry activity. This is particularly true for the public companies who may be seeking to supplement their Tier 1 well inventory.

To secure a partner for the TMS, Australis requires:

1. Counterparties seeking additional future drilling inventory and prepared to enter an earlier (less developed) stage play such as the TMS, which is increasingly more likely as the US industry transitions from a period of production maintenance to modest growth, and
2. Limited alternatives in the established unconventional oil plays as a source of future drilling inventory, which is becoming the reality either due to prohibitive costs, asset maturity or competition preventing the aggregation of a material consolidated new position.

The recent entry into the play of two successful and well-funded private equity operators demonstrates that other industry participants believe in the timing of the TMS play and that nearer term appetite for its future inventory exists. Their activity creates momentum that raises the profile of the TMS as a natural target at a time when the two above conditions are driving increased interest levels.

Easing of travel restrictions in 2022 has made it possible to have face to face discussions with both current TMS operators as well as potential partners for Australis. The participation with Paloma in the two DUC wells is an initial outcome of those meetings.

Ends

This ASX announcement was authorised for release by the Australis Disclosure Committee.

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ABOUT AUSTRALIS

Australis (ASX: ATS) is an ASX listed oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America.

With approximately 95,000 net acres within the production delineated core of the proven oil producing TMS, Australis retains significant upside potential with approximately 360 net future drilling locations, and an independently assessed 153 MMbbls of 2P + 2C recoverable volume including 3.0 MMbbl producing reserves providing net field cash flow[1]. The contingent oil resource is only contingent on a qualifying development program.

Australis was formed by the founder and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

TMS Assets & Background

The map shown in Figure 2 is a representation of the acreage position that Australis holds within the TMS Core.

The Tuscaloosa Marine Shale is a Cretaceous shallow marine unconventional shale that is present across central Louisiana and southwest Mississippi. The play is the same geological age as the Eagle Ford Shale in South Texas and the Woodbine Shale in East Texas.

The play is relatively deep, high pressured and oil weighted. As experienced in most unconventional plays, early results (2010 – 2014) demonstrated variable production performance and relatively high well costs, driven by operational difficulties encountered whilst drilling and completing the wells. The activity that did take place delineated a core area of the play where production results were consistent and comparable to other, far more developed, unconventional plays such as the Eagle Ford and the Permian. This area is shown in the blue oblong in Figure 2 and represents Australis' interpretation of the TMS Core.

The comparison of the 2014 production results from the core of the TMS (the 15 wells drilled in the Australis TMS core leasehold area in 2014 and which comprise the TMS Type Curve) with the three type curves generated by Ryder Scott for the YE 2020 reserve report is shown in Figure 3 below. To qualify as a reserve Ryder Scott must assess a future location as economic and the YE 2020 reserve report was evaluated assuming a flat oil price of US$47.02/bbl[4]. Note the YE 2021 Reserve Report[1] did not assess undeveloped reserves as any assessment is dependent on a drilling plan for the next 5 years. Australis made the decision to defer the assessment until a partner is introduced and a development plan is determined.

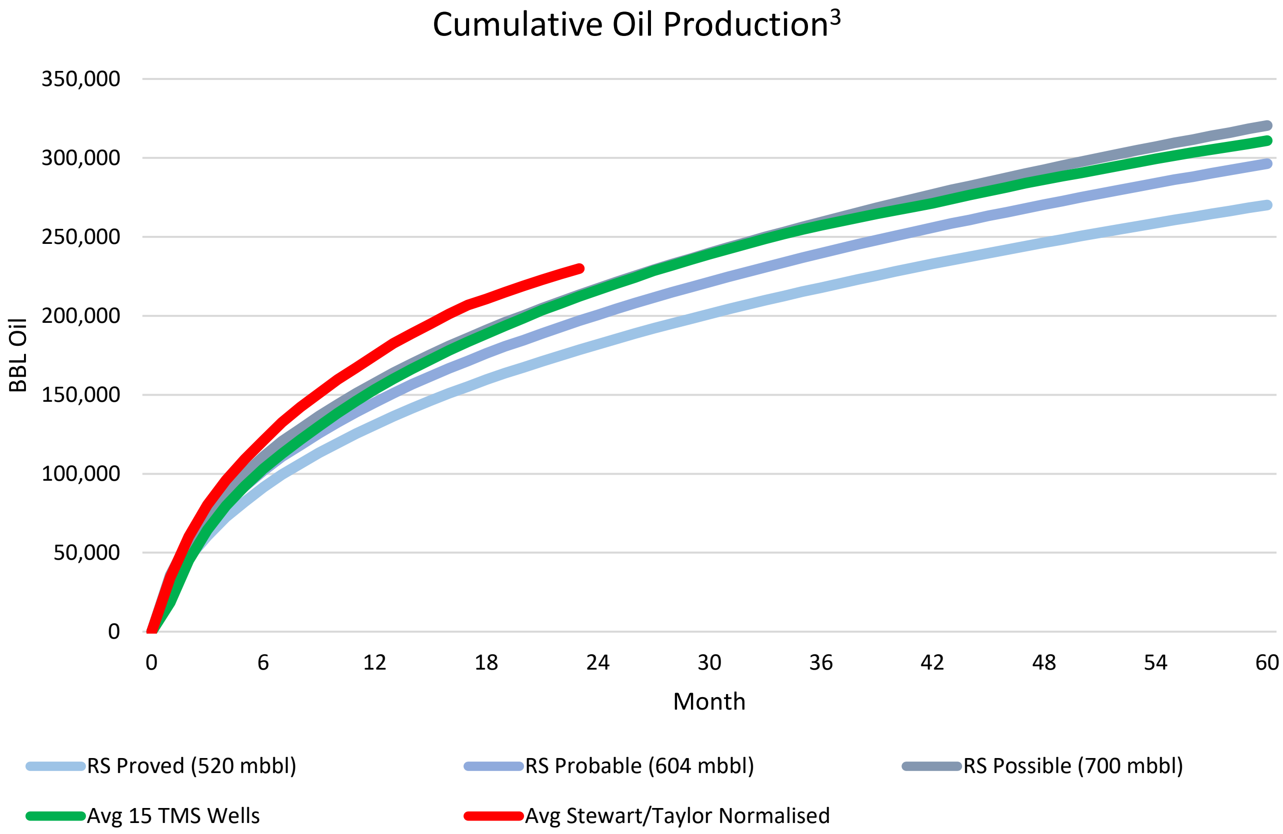

Figure 3: Average oil production of ATS 2014 TMS wells v Ryder Scott Proved, Probable and Possible Type Curves and the performance of full length laterals drilled by Australis in 2018

The 2014 fall in commodity price generated the opportunity for the two low cost acquisitions by Australis in the TMS and for an ongoing cost-effective and strategic leasing program where longer lease life is targeted together with improved commercial terms. Australis has remained very disciplined and focused only within the production delineated TMS Core.

The appraisal activity by Encana and other participants in the TMS during 2013/2014 also addressed many of the operational challenges that were initially experienced. Costs and performance repeatability were improving, and activity levels were increasing during 2014 until evolution in the play was interrupted by the oil price drop in late 2014. As a direct result, Australis is the only company to have drilled new wells in the play since the beginning of 2015 other than in the last quarter, when State Line Exploration successfully drilled and cased their first well in the play. Consequently, none of the numerous industry improvements that have continued to drive forward the economics of other unconventional plays have yet been applied to the TMS. The production results of the full length laterals drilled by Australis in 2018[3] are also shown above on Figure 3

GLOSSARY

Unit	Measure	Unit	Measure
B	Prefix – Billions	**bbl**	Barrel of oil
MM	Prefix – Millions	**boe**	Barrel of Oil equivalent (1bbl = 6 mscf)
M	Prefix – Thousands	**scf**	Standard cubic foot of gas
/d	Suffix – per day	**Bcf**	Billion cubic feet of gas

Term	Definition
TMS Core	The Australis designated productive core area of the TMS delineated by production history
WI	Company beneficial interest before royalties
Royalty	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Net or NRI	Company beneficial interest after royalties or burdens
C	Contingent Resources (1C/2C/3C equivalent to low/most likely/high)
NPV(10)	Net Present Value (@ discount rate)
EUR	Estimated Ultimate Recovery of a well
WTI	West Texas Intermediate oil benchmark price
LLS	Louisiana Light Sweet oil benchmark price
D, C&T	Drill, Complete and Tie - in
2D/3D	2 and 3 dimensional seismic surveys
Opex	Operating Expenditure
G&A	General & Administrative Expenditure
HBP	Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst well is on production.
PRB	Probable Reserves
PDP	Proved Developed Producing Reserves
PDNP	Proved Developed Not Producing Reserves
PUD	Proved Undeveloped Reserves
Net Acres	Working Interest before deduction of royalties or burdens
Field Netback	Oil and gas sales net of royalties, production and state taxes, inventory movements, hedging gains or losses and field-based production expenses but excludes depletion and depreciation
EBITDA	Earnings before interest, tax, depreciation, depletion, and amortisation expenses
IP30	The average oil production rate over 30 days of production following clean up
YOY	Year on year
TMS Type Curve	The history matched production performance of 15 wells drilled in the TMS by Encana in 2014. Corresponds to an average treated horizontal length of 7,200ft. Refer to the Appendix of the Australis Corporate Presentation
IDP	Initial drilling program of 6 wells in the TMS by Australis commencing late 2018

Notes

1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2021 and generated for the Australis concessions to SPE standards. See ASX announcement released on 7 February 2022 titled "Reserves and Resources Update Year End 2021". Australis is not aware of any new information or data that materially affects the information included in the referenced announcement and all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.

2. The deterministic method is based on qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk-based) approach estimates the quantities at each level of uncertainty discretely and separately.

3. Average production from Stewart 30H-1 and Taylor 27H-1 wells normalized to 7,200 ft completed horizontal length and adjusted for production curtailments during COVID low oil prices Q2 2020.

4. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2020 and generated for the Australis concessions to SPE standards. See ASX announcement released on 5 February 2021 titled "Reserves and Resources Update Year End 2020". Australis is not aware of any new information or data that materially affects the information included in the referenced announcement and all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.

Non-IFRS Financial Measures

References are made within this report to certain financial measures that do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS). Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non–IFRS financial measures. Field Netback and EBITDA , as defined within the Glossary, are Non-IFRS financial measures commonly used in the oil and gas industry or financial measures that are relevant to Australis. Non-IFRS financial measures used by the Company may not be comparable with the calculation of similar measures by other companies.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Australis' planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Australis believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.